

Delaware Public Service Commission

Delmarva Power Reliability Investigation

Docket 13-152

Public Forum

September-October 2013

Public Forum Agenda

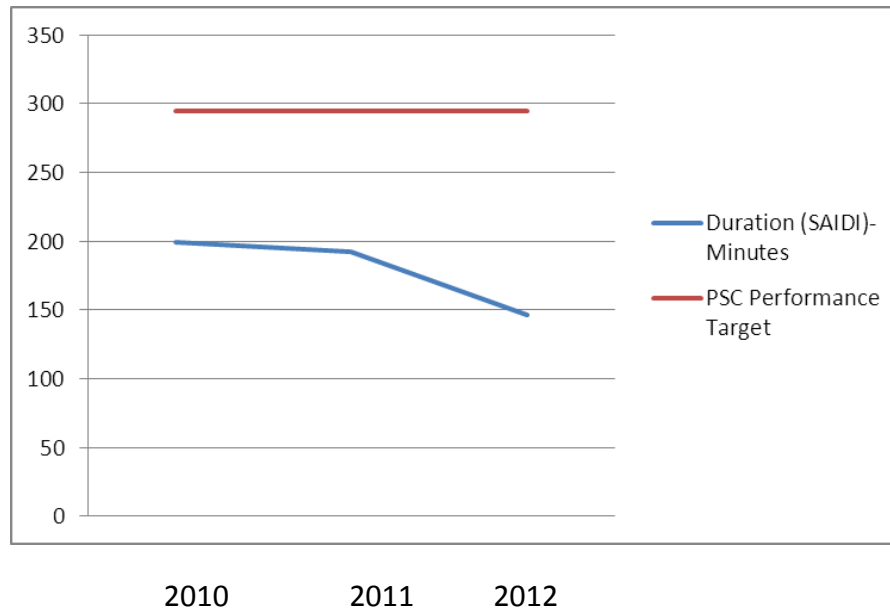
- How did we get here: An overview of the PSC investigation process in this case
- Review historical Delmarva Power reliability metrics
- Review pros & cons of increased reliability spending
- Obtain feedback from customers about Delmarva Power's proposed plan

Reliability Investigation Overview

- Current Delmarva Power rate case before the Commission (Docket 13-115) includes additional \$397million investment in system
- In addition to normal due diligence regarding rate case, PSC Staff obtained Commission approval to investigate whether the proposed future reliability investment is reasonable based on:
 - Delmarva Power's good reliability record
 - Bill impact to consumers

Reliability Metrics-SAIDI

- System Average Interruption Duration Index
- Delmarva Power exceeds standard



- Average Customer would experience one - 149 minute outage per year

Delmarva Power Investment Plan

- Delmarva Power contends that investment is required for infrastructure replacement and to enhance and maintain the reliability of it's system

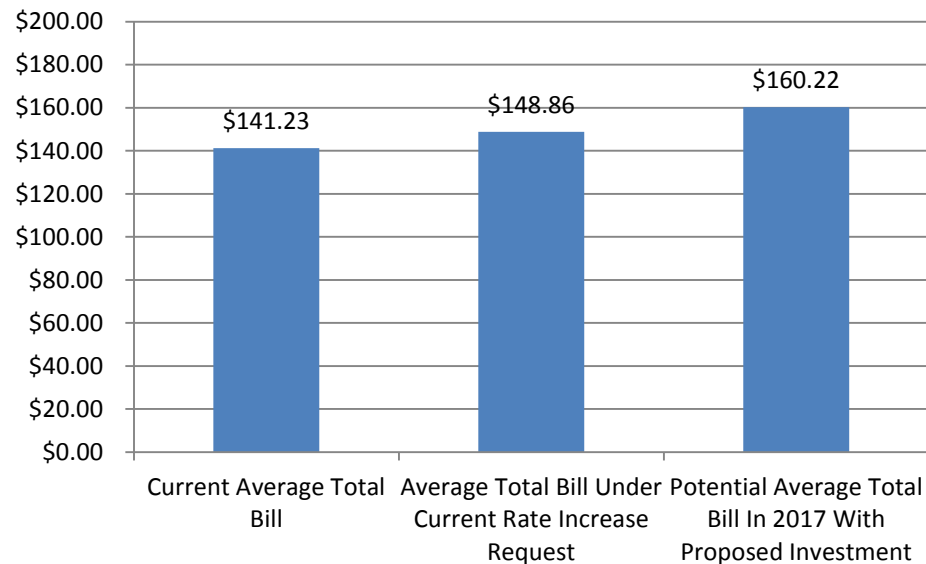
Reliability Investment	2012	2013	2014	2015	2016	2017	Total 2013-2017	%
Customer Driven	\$12,600,000	\$12,100,000	\$11,900,000	\$12,100,000	\$12,600,000	\$13,000,000	\$61,700,000	16%
Reliability	\$64,100,000	\$71,400,000	\$58,900,000	\$59,200,000	\$60,300,000	\$59,200,000	\$309,000,000	78%
Load	\$2,800,000	\$4,300,000	\$6,100,000	\$4,200,000	\$4,500,000	\$7,400,000	\$26,500,000	7%
Total	\$79,502,012	\$87,802,013	\$76,902,014	\$75,502,015	\$77,402,016	\$79,602,017	\$397,210,075	100%

What Investment May Look Like

- New Service Connections
- Upgraded Distribution Feeders
- Replacing and upgrading underground cable installations
- Installing new technology and equipment to improve reliability
- Installation of substation equipment to provide additional electric capacity

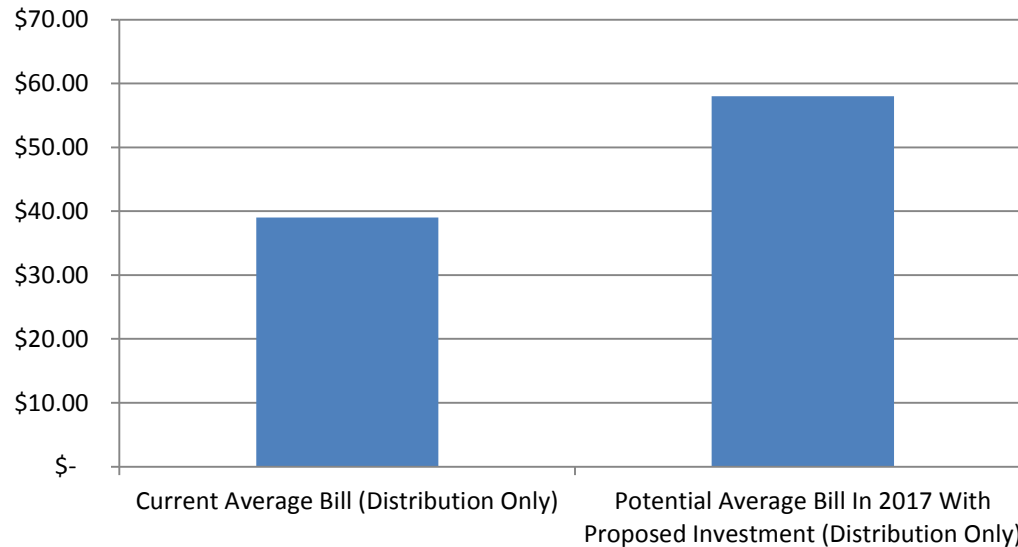
Potential Impact On Total Bill

- Proposed investment will increase average monthly total combined electric bill (supply and delivery charges) by approximately \$18.99 by 2017



Potential Bill Impact

- If the full \$397M investment is approved, the potential Distribution Rate in 2017 Could be 49% (or \$18.99) Higher than the Current Rate



The Case For Reliability Investment

- Reduced outage occurrences
- Reduced outage duration
- Reduced storm damage/outages
- Positive economic impact (reliability as a factor in attracting businesses to Delaware)
- Reduce economic losses caused during power outages
 - Lost production
 - Lost wages
 - Spoiled inventory
 - Lost sales
 - Etc.
- Reduce inconvenience to customers caused during outages
- Reduce the difficulties caused to fire departments, police, and other first responders that are caused during outages

The Case Against Reliability Investment

- Delmarva Power already exceeds the reliability measures required by the Commission
- Delmarva Power customers have no metrics to determine whether such investment will actually benefit them on an individual basis
- Delmarva Power customers continue to be impacted by the general economic recession and may not be able to support the additional investment
- Digital age industry and commercial enterprises in general prefer high service reliability, but these same parties voluntarily drop load when paid under demand response.

Summary

- Delmarva Power seeks to spend \$397m over the next five years for distribution infrastructure replacement and reliability projects
- Reliability investment may benefit customers, however customers cannot measure benefits on an individual basis and Delmarva Power already exceeds current reliability standards
- Such investment may significantly increase customers bills over the next five years
- Commission reliability standards exclude “Major Event Days”
- Reliability investment does not necessarily equate to no outages during major storms or reduced outage time during major storms

Discussion

Additional Comments:
Public Service Commission
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Dover, DE 19904
Attention: PSC Docket No. 13-152

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www.depssc.delaware.gov